

SETTLEMENT AGREEMENT AND GENERAL RELEASE

This Settlement Agreement and Mutual General Release (the "Agreement") is entered into between Vivid Entertainment, LLC and Califa Productions, Inc. (collectively "Plaintiffs"); Jonathan Fielding, Jackie Lacey and the County of Los Angeles (collectively "Defendants"); and Michael Weinstein, Marijane Jackson, Arlette De La Cruz, Mark McGrath, Whitney Engeran, and the Campaign Committee Yes on B, Major Funding by the AIDS Healthcare Foundation (collectively "Intervenors"). Plaintiffs, Defendants and Intervenors are sometimes hereinafter individually referred to as a "Party," or collectively referred to as "the Parties").

I. RECITALS

WHEREAS Plaintiffs filed a Complaint against Defendants in the United States District Court for the Central District of California, Case No. 13-CV-00190-DDP-AGR, (the "Action"). Plaintiffs' Action challenged the constitutionality and enforceability of a ballot initiative, The "Safer Sex in the Adult Film Industry Act," that was passed and codified as Los Angeles County Code Chapter 11.39, commonly referred to as "Measure B."

WHEREAS Defendants took a neutral position on the constitutionality and enforceability of Measure B.

WHEREAS Intervenors thereby intervened in the Action to defend the constitutionality and enforceability of Measure B.

WHEREAS, the Parties have agreed to settle the Action.

WHEREAS, it is the intent of the Parties to resolve fully the claims and disputes which are the subject of the Action.

II. AGREEMENT AND MUTUAL GENERAL RELEASES

NOW, THEREFORE in consideration of the promises, covenants, and other terms set forth and referred to herein, the Parties agree as follows:

1. Mutual Agreements. All Parties agree that Measure B shall be considered by the Parties to be in effect and enforced but permanently enjoined as enumerated by the District Court's Order dated August 16, 2013, wherein Judge Pregerson partially granted and partially denied Intervenors' Motion to Dismiss, partially granted and partially denied Plaintiffs' Motion for Preliminary Injunction, and vacated Plaintiffs' Motion for Judgment on the Pleadings, and as upheld by the Ninth Circuit, unless subsequently amended, revised or repealed, or unless further enjoined by subsequent court order.

a. Measure B shall read and be enforced in the manner provided for in Judge Pregerson's Order, as embodied by the version of Measure B attached as Appendix A to the Ninth Circuit's opinion on appeal, and attached to this Agreement as Exhibit A.

2. Plaintiffs' Agreement. Plaintiffs expressly agree to dismiss the Action with prejudice. However, Plaintiffs reserve the right to litigate the following claims:

- a. Any as-applied claims.
- b. Any facial challenges to any amendments to Measure B or to any rules, regulations, policies, procedures or similar legal obligations enacted by the County to implement Measure B, including but not limited to the establishment of any new permit fee structure as not revenue-neutral or as excessive.

Plaintiffs are barred from litigating the following claims:

- a. Any state-law claims.
- b. Any facial challenges to the enactment of Measure B in its original form as those claims were resolved by the instant Action.

3. Defendants' Agreement. Defendants expressly agree that they will:

- a. Conduct a fee study within twelve (12) months of executing this Agreement.

4. Intervenors' Agreement. Intervenors expressly agree that they will not file any lawsuit, claims, causes of action or administrative complaints or actions regarding the enforcement of Measure B for a period of three (3) years from the date the Action is dismissed by Plaintiffs with prejudice. Notwithstanding this paragraph, Intervenors do not waive their right to file a notice of a dispute, lawsuit, claim, causes of action or administrative action related to any controversy or claim arising out of or relating to this Agreement or the validity, inducement, or breach thereof, pursuant to Section II-5 and IV-9 below;

5. Dispute Resolution. Any controversy or claim arising out of or relating to the validity, inducement, or breach of this Agreement, prior to the commencement of litigation or any other action to enforce this Agreement or to seek injunctive relief, shall be referred first to Mediation by the Parties. Notice of a dispute shall be given in writing by one Party (the "Complaining Party") to the other. Within fifteen (15) days after such demand is made, the parties shall mutually select a mediator. The mediator shall be an attorney who has at least ten (10) years of experience with a law firm or corporate law department with demonstrated expertise in the areas of dispute or who was a judge of a court of general jurisdiction. Mediation shall commence as soon thereafter as is practicable, but in no case more than forty-five (45) days after a mediator has been selected, except as may otherwise be

agreed by all parties to the Mediation. The Parties agree to reserve and dedicate two (2) consecutive days of time for the Mediation and to produce at Mediation, in addition to counsel (if any), party representatives, who shall have full power and authorization to settle the dispute. The Parties agree to conduct the Mediation in (or within 20 miles of) Los Angeles, California. If a settlement is reached, the Parties shall reduce the settlement to writing ("Settlement Agreement") and each Party shall cause it to be executed. Any court with jurisdiction may enforce this clause and the Settlement Agreement. If the Parties are unable to reach a settlement after good faith efforts over the prescribed two (2) day period and the Parties are unwilling to extend or continue the Mediation, the complaining Party shall have the right, but not the obligation, to seek appropriate remedy in a court of law or equity, in accordance with this Agreement. No Party may initiate litigation without first conducting mediation in accordance with this provision. Each Party shall bear its own costs and attorney's fees in connection with the Mediation and action to enforce the Settlement Agreement. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.

6. Non-Circumvention.

(a) Plaintiffs expressly agree, acknowledge and hereby covenant that they shall not effect assignments or transfers, form new entities or associations, or utilize any other device for the purpose of circumventing or otherwise avoiding the prohibitions set forth in this Agreement.

(b) Intervenor expressly agree, acknowledge and hereby covenant that they shall not effect assignments or transfers, form new entities or associations, or utilize any other device for purpose of circumventing or otherwise avoiding the prohibitions set forth in this Agreement. Intervenor further agree, acknowledge and hereby covenant that they will cause non-party AIDS Healthcare Foundation to refrain from filing any lawsuit, claims, causes of action or administrative actions regarding the enforcement of Measure B for a period of three (3) years from the date the Action is dismissed by Plaintiffs with prejudice.

7. General Release of Claims by Plaintiffs. Plaintiffs do hereby fully and forever release and discharge Defendants, which includes the County of Los Angeles, its Special Districts, elected and appointed officers, attorneys, employees, agents, assigns, predecessors, and successors, as well as Intervenor and their officers, directors, agents, shareholders, employees, independent contractors, representatives, attorneys, parent companies, subsidiaries, divisions, affiliated companies, assigns, predecessors, and successors, from any and all claims, demands, causes of action, judgments, obligations, costs, expenses, disbursements, attorneys' fees, damages, charges, including losses and liabilities of whatever kind or nature, including any and all claims or amounts arising by statute, common law, contract, tort, equity, court orders, or otherwise, whether liquidated or unliquidated, absolute or contingent, in relation to the Action as of the date of this Agreement.

8. General Release of Claims by Intervenor. Intervenor do hereby fully and forever release and discharge Plaintiffs, their managers, officers, directors, agents, shareholders, employees, independent contractors, representatives, attorneys, parent companies, subsidiaries, divisions, affiliated companies, assigns, predecessors, and successors, as well as Defendants, which includes the County of Los Angeles, its Special Districts, elected and appointed officers, attorneys, employees, agents, assigns, predecessors, and successors, from any and all claims, demands, causes of action, judgments, obligations, costs, expenses, disbursements, attorneys' fees, damages, charges, including losses and liabilities of whatever kind or nature, including any and all claims or amounts arising by statute, common law, contract, tort, equity, court orders, or otherwise, whether liquidated or unliquidated, absolute or contingent, in relation to the Action as of the date of this Agreement.

9. Civil Code Section 1542 Waiver. All rights under Section 1542 of the California Civil Code are expressly waived by the Plaintiffs and Intervenor. The Plaintiffs and Intervenor have read Section 1542 and understand that it provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release which if known by him or her must have materially affected his or her settlement with the debtor.

Further, the Plaintiffs and Intervenor, for and on behalf of themselves and their respective managers, officers, directors, shareholders, agents, employees, independent contractors, representatives, attorneys, parent companies, subsidiaries, divisions, affiliated companies, assigns, predecessors, and successors hereby waive any rights they may have under the provisions of California Civil Code § 1542, and the provisions of any comparable law of any applicable jurisdiction except as provided in this Agreement.

In connection with this waiver, the Plaintiffs and Intervenor acknowledge that they are aware that facts may hereafter be discovered in addition to or different from those now known or believed to be true with respect to this release, but that it is the intention of the Plaintiffs and Intervenor to hereby fully, finally and forever release and discharge each other, and thus this release shall remain in effect as a full and complete release notwithstanding the later discovery or existence of any such additional or different facts.

10. Dismissal With Prejudice. The Plaintiffs shall dismiss the Action, with prejudice, within five (5) days of the date of execution of this Agreement, by stipulation between all parties in a form commensurate with that attached hereto as Exhibit B. The parties shall bear their own fees and costs, including attorney's fees, in connection with the Action.

III. REPRESENTATIONS AND WARRANTIES

1. Independent Legal Advice. Prior to the execution of this Agreement, the Parties to this Agreement have received independent legal advice from their attorneys with regard to the advisability of executing this Agreement and have had ample time to consult with said attorneys and to review and understand this Agreement.

2. Further Assurances. Whenever reasonably requested to do so by another Party, each Party shall execute, acknowledge and deliver any further releases, stipulations, dismissals, powers of attorney, instruments of further assurance, approvals, consents and any further instruments or documents that are necessary, expedient, or proper to satisfy this Agreement. In addition, each Party shall do any other acts and execute, acknowledge and deliver any requested documents in order to carry out the intent and purpose of this Agreement.

3. Authority. The Parties to this Agreement hereby represent and warrant that: (a) the person executing this Agreement on its behalf is duly authorized to bind the Party purporting to be bound thereby; (b) all corporate, partnership or governmental formalities and approvals required to authorize the entry into and performance of this Agreement have been undertaken.

4. Assignment of Claims. The Parties hereby expressly warrant and represent that they are the sole owner of all claims released by them herein, that they have not assigned or transferred or purported to have assigned or transferred voluntarily or by operation of law or otherwise any of the claims released by them herein or any portion thereof.

IV. MISCELLANEOUS

1. Entire Agreement. This Agreement embodies the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings, either oral or in writing, relating to the subject matter hereof.

2. Fees and Costs. The Parties hereto shall bear their own attorneys' fees, costs and expenses related to the Action.

3. No Amendments. This Agreement cannot be amended, except in writing and executed by all of the Parties.

4. No Representations. The Parties acknowledge that no other person or entity, nor any attorney of any other person or entity, has made any promise, representation, or warranty whatsoever, expressed or implied, not contained herein, concerning the subject matter hereof, to induce the Parties to execute or authorize the execution of this Agreement. The Parties further acknowledge that they have not executed or authorized the execution of this Agreement in reliance upon any such promise,

representation or warranty not contained herein. No Party relies upon any statement of any other Party in executing this Agreement, except as expressly stated in this Agreement.

5. Counterparts. This Agreement may be signed in counterparts, and each counterpart shall have the same force and effect as though the signatures were contained in a single document. Facsimile copies and computer generated copies such as PDF copies of all signatures may be treated the same as original signatures.

6. Binding on Successors and Related Entities. This Agreement is binding upon and shall inure to the benefit of the Parties hereto, their respective agents, employees, independent contractors, spouses, family members, representatives, officers, directors, divisions, subsidiaries, assigns, heirs, successors in interest, and shareholders.

7. Waiver. Waiver of any breach of any provision of this Agreement shall not be deemed a waiver of any other breach of any provision of this Agreement.

8. Headers Not Controlling. The various headings used in this Agreement are solely for organizational purposes and shall not be used to interpret the Agreement.

9. Choice of Law and Venue. This Agreement shall be interpreted according to the laws of the State of California. The Parties agree that any controversy among the Parties involving or relating to the meaning, application and/or interpretation of this Agreement or any breach or claimed breach of this Agreement shall be filed in the United States District Court for the Central District of California or the Los Angeles Superior Court.

10. Joint Drafting of Agreement. Each Party to this Agreement and their counsel have participated in the negotiation and drafting of this Agreement and for all purposes this Agreement shall be deemed to have been drafted jointly by all Parties.

11. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

12. Notices. Any notice or other written instrument required or permitted to be given pursuant to this Agreement shall be in writing signed by the Party giving such notice and shall, be sent by facsimile, hand delivery, certified mail or overnight courier to the other Party at the address set forth below:

If to any Intervenor:
Tom Myers
AIDS Healthcare Foundation

6255 West Sunset Blvd, 21st FL
Los Angeles, CA 90028
Ph: (323) 860-5259
Fax: (323) 467-8450

If to Vivid Entertainment, LLC:

Paul J. Cambria, Jr.
Lipsitz Green Scime Cambria LLP
42 Delaware Avenue, Suite 120
Buffalo, New York 14202-3857
Office (716) 849-1333 Ext. 344
Fax: (716) 855-1580

With a Copy to:

H. Louis Sirkin, Esq.
SANTEN & HUGHES
600 Vine Street | Suite 2700 | Cincinnati, OH 45202
Tel. 513.721.4450 | Fax 513.721.0109

Robert Corn-Revere
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue NW
Suite 800
Washington, District of Columbia 20006-3401
T 202.973.4225
F 202.973.449

If to Califa Productions, Inc.:

Paul J. Cambria, Jr.
Lipsitz Green Scime Cambria LLP
42 Delaware Avenue, Suite 120
Buffalo, New York 14202-3857
Office (716) 849-1333 Ext. 344
Fax: (716) 855-1580

With a Copy to:

H. Louis Sirkin, Esq.
SANTEN & HUGHES
600 Vine Street | Suite 2700 | Cincinnati, OH 45202
Tel. 513.721.4450 | Fax 513.721.0109

Robert Corn-Revere
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue NW
Suite 800
Washington, District of Columbia 20006-3401
T 202.973.4225
F 202.973.449

If to Defendants:

Bureau of the Medical Director / Disease Control
County of Los Angeles
Department of Public Health
313 N. Figueroa Street, Room 806
Los Angeles, CA 90012

With a copy to:

Andrea E. Ross
Senior Deputy County Counsel
Office of the County Counsel
County of Los Angeles
500 W. Temple Street, Room 648
Los Angeles, CA 90012

Each Party shall have the right to change the place to which notices shall be delivered, by notice sent or delivered in like manner to the other Party. Without limiting any other means by which a Party may be able to prove that a notice has been received by another Party, a notice shall be deemed to be duly received (a) if delivered by hand or overnight courier, on the date when left at the address of the recipient or (b) if sent by facsimile, upon receipt by the sender of an acknowledgement or transmission report generated by the machine from which the facsimile was sent indicating that the facsimile was sent in its entirety to the recipient's facsimile number.